

Financial Report

Strive Incorporated

June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 25 2012

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New Orleans, Louisiana

June 30, 2011

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Strive Incorporated,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Strive Incorporated ("Strive") (a nonprofit organization), as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Strive's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strive Incorporated as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2011 on our consideration of Strive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (Schedule 1) is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 29, 2011.

STATEMENT OF FINANCIAL POSITION

Strive Incorporated
New Orleans, Louisiana

June 30, 2011

ASSETS**Assets**

Cash and cash equivalents	\$ 816,901
Accounts and other receivables	204,862
Inventory	8,999
Prepaid expenses and other assets	1,892
Investments	253,782
Property and equipment, net of accumulated depreciation	563,048
Funds held by Greater New Orleans Foundation	139,418
	<hr/>
Total assets	<u>\$ 1,988,902</u>

LIABILITIES AND NET ASSETS**Liabilities**

Accounts payable	\$ 19,402
Accrued salaries and leave	72,956
	<hr/>
Total liabilities	<u>92,358</u>

Net Assets

Unrestricted	1,756,685
Temporarily restricted	139,859
	<hr/>
Total net assets	<u>1,896,544</u>
	<hr/>
Total liabilities and net assets	<u>\$ 1,988,902</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Strive Incorporated**
New Orleans, Louisiana

For the year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contracts for services - Miller Manor	\$ 397,502		\$ 397,502
Contracts for services - Project Strive	714,577		714,577
Contracts for services - Supported Independent Living	395,039		395,039
Contributions and grants	3,959		3,959
Other	9,295		9,295
Workshop income	24,929		24,929
Investment income	5,860		5,860
Investment income on funds held by Greater New Orleans Foundation:			
Interest income		\$ 1,941	1,941
Realized and unrealized gains, net		19,421	19,421
Total revenues and other support	1,551,161	21,362	1,572,523
Net Assets Released From Restrictions			
Program restrictions satisfied by payments	8,002	(8,002)	-
Total revenues, other support and net assets released from restrictions	1,559,163	13,360	1,572,523
Expenses			
Program services:			
Miller Manor	300,593		300,593
Project Strive	587,706		587,706
Supported Independent Living	329,808		329,808
Management and general	298,174		298,174
Fundraising	315		315
Total expenses	1,516,596	-	1,516,596
Change in Net Assets	42,567	13,360	55,927
Net Assets			
Beginning of year	1,714,118	126,499	1,840,617
End of year	\$ 1,756,685	\$ 139,859	\$ 1,896,544

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

	Program Services						
	Community Housing (Miller Manor)	Daycare And Workshop (Project Strive)	Separate Housing (Supported Independent Living)	Total	Management And General	Fundraising	Total
Salaries	\$ 128,879	\$ 368,665	\$ 291,816	\$ 789,360	\$ 56,888	\$ -	\$ 846,248
Payroll taxes	8,424	29,927	26,365	64,716	4,872	-	69,588
Administrative supplies	130	2,966	190	3,286	5,715	-	9,001
Allowance for clients	2,660	-	-	2,660	-	-	2,660
Bed tax expense	36,108	-	-	36,108	-	-	36,108
Insurance	20,981	56,412	4,766	82,159	34,610	-	116,769
Maintenance and repairs	6,287	25,622	63	31,972	30,742	-	62,714
Meals	12,348	5,232	96	17,676	354	-	18,030
Other expenses	8,860	19,206	2,815	30,881	7,181	-	38,062
Pension plan expense	596	1,758	-	2,354	-	-	2,354
Professional fees and contract services	7,558	6,127	29	13,714	111,488	-	125,202
Project costs	6,284	2,613	97	8,994	7,349	-	16,343
Staff training	119	257	-	376	1,641	-	2,017
Transportation	1,964	18,575	-	20,539	809	-	21,348
Travel	-	9	1,309	1,318	114	-	1,432
Utilities and telephone	10,146	27,221	637	38,004	13,921	-	51,925
Workshop expense	36,000	-	-	36,000	-	-	36,000
Fundraising expenses	-	-	-	-	-	315	315
Total expenses before depreciation	287,344	564,590	328,183	1,180,117	275,684	315	1,456,116
Depreciation of property and equipment	13,249	23,116	1,625	37,990	22,490	-	60,480
Total expenses	<u>\$ 300,593</u>	<u>\$ 587,706</u>	<u>\$ 329,808</u>	<u>\$ 1,218,107</u>	<u>\$ 298,174</u>	<u>\$ 315</u>	<u>\$ 1,516,596</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

Cash Flows From Operating Activities

Change in net assets	\$ 55,927
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(4,962)
Depreciation	60,480
Investment gain on funds held at Greater New Orleans Foundation, withdrawals and other activities	(15,522)
Increase in accounts and other receivables	(34,861)
Increase in inventory	(1,302)
Increase in prepaid expenses and other assets	(285)
Increase in accounts payable, accrued salaries and leave	8,763
Net cash provided by operating activities	<u>68,238</u>

Cash Flows From Investing Activities

Purchases of property and equipment	(93,348)
Purchases of investments, net	<u>(145,559)</u>
Net cash used in investing activities	<u>(238,907)</u>

Net Decrease In Cash and Cash Equivalents

(170,669)

Cash and Cash Equivalents

Beginning of year	<u>987,570</u>
End of year	<u><u>\$ 816,901</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Strive Incorporated
New Orleans, Louisiana

June 30, 2011

Note 1 - NATURE OF ACTIVITIES

Strive Incorporated ("Strive"), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor and Supervised Independent Living, day care and training for adults through Project Strive. The majority of Strive's revenue is derived from contracts for services with the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

Strive is a nonprofit corporation organized under the laws of the State of Louisiana in 1964. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

b. Basis of Accounting

The financial statements of Strive are prepared on the accrual basis of accounting.

c. Financial Statement Presentation

Net assets, revenues, and expenses are based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Strive and changes therein are classified and reported as follows:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Statement Presentation (Continued)

Unrestricted Net Assets - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.

Temporarily Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.

Permanently Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be maintained in perpetuity. Generally donors of these assets permit use of all or part of the income earned on related cash and investments for general or specific purposes. Strive does not currently maintain permanently restricted net assets.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

For purposes of reporting cash flows, Strive considers all highly liquid investments in money market funds and investments available for current use with initial maturity of three months or less to be cash equivalents.

f. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Allowance For Uncollectible Accounts

Services rendered to clients are paid through third parties. A receivable is recorded for third-party reimbursements which have not been collected. An allowance for doubtful accounts is recorded based on management's estimate and includes all receivables over one year old. As of June 30, 2011, all accounts over one year old have been written off and there is no allowance as management deems all accounts to be collectible.

h. Inventory

Inventory is stated at lower of cost using the first-in, first-out method or market.

i. Investments

Investments in certificates of deposit and bonds are stated at fair market value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

j. Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

k. Functional Expenses

The costs of providing the various programs and other activities are summarized in the statement of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Tax Matters

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2011, management of Strive believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years June 30, 2008 and later remain subject to examination by the taxing authorities.

m. New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, ("ASU 2010-06"). ASU 2010-06 clarifies certain existing fair value disclosures and requires entities to disclose additional information regarding the amounts of and reasons for significant transfers between levels of the fair value hierarchy effective for reporting periods beginning after December 15, 2009. Effective for fiscal years beginning after December 15, 2010, it will also require entities to present information regarding changes in Level 3 assets and liabilities on a gross basis. Since ASU 2010-06 affects only fair value measurement disclosures, its adoption by Strive has no effect on Strive's financial position, changes in net assets, or cash flows.

n. Subsequent events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 29, 2011, which is the date the financial statements were available to be issued.

Note 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Restrictions are considered to expire when payment for the designated purpose is made. Temporarily restricted net assets as of June 30, 2011 are as follows:

Medical assistance	\$ 139,418
Computer lab	<u>441</u>
Total	<u><u>\$ 139,859</u></u>

Note 4 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2011 and consist of the following:

Description	Market Value	Cost	Excess of Market Over Cost
Certificates of deposit	\$ 103,721	\$ 103,721	\$ -
U.S. Government Agency Bonds	<u>144,485</u>	<u>150,061</u>	<u>5,576</u>
Totals	<u><u>\$ 248,206</u></u>	<u><u>\$ 253,782</u></u>	<u><u>\$ 5,576</u></u>
Increase in unrealized appreciation and realized losses		\$ 4,962	
Interest		<u>898</u>	
Total investment income		<u><u>\$ 5,860</u></u>	

Note 5 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3,

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in a pooled investment account managed by Greater New Orleans Foundation ("GNOF") are recorded at the fair value as reported by GNOF. Accordingly, Strive reports the portion of the pooled investment account within Level 1, Level 2, and Level 3 of the fair value hierarchy in the same allocations reported by GNOF.

Strive uses the market approach for valuing certificates of deposit and bonds which are within the Level 1 fair value hierarchy. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Strive believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of June 30, 2011, are comprised of, and determined as follows:

Description	Fair Value as of June 30, 2011	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	\$ 103,721	\$ 103,721		
Fixed Income Securities:				
Government Bonds	150,061	150,061		
Pooled accounts managed by Greater New Orleans Foundation	<u>139,418</u>	<u>41,902</u>	<u>\$ 97,516</u>	
Totals	<u>\$ 393,200</u>	<u>\$ 295,684</u>	<u>\$ 97,516</u>	<u>\$ -</u>

As of June 30, 2011, there were no assets measured at fair values on a non-recurring basis.

Note 6 - PROPERTY AND EQUIPMENT

As of June 30, 2011, the cost of property and equipment was as follows:

Land	\$ 149,030
Buildings and improvements	1,462,304
Furniture and equipment	221,084
Automotive equipment	65,180
	<u>1,897,598</u>
Less accumulated depreciation	<u>1,334,550</u>
Net property and equipment	<u>\$ 563,048</u>

Depreciation expense for the year ended June 30, 2011 was \$60,480.

Note 7 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investments will occur in the near term and would materially affect the market value of investments held by Strive.

Note 8 - CONCENTRATION OF CREDIT RISK

Strive maintains its cash and investments accounts in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation up to \$250,000 per bank. As of June 30, 2011, approximately \$80,000 was in excess of the insured limits.

Note 9 - EMPLOYEE QUALIFIED RETIREMENT PLAN

Strive has a 401(k) salary deferral plan (the "Plan") covering substantially all employees twenty-one years of age and employed for three months. Strive will match 100% each participant's elective deferral not to exceed 3% of each participant's compensation. Also, for each Plan year, Strive may make a discretionary contribution for all eligible employees.

Pension plan expense for the year ended June 30, 2011 was \$2,354.

Note 10 - SIGNIFICANT CONTRACTS

For the year ended June 30, 2011, \$1,241,443 of contract revenue was from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 11 - RISK MANAGEMENT

Strive is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2011.

Note 12 - ECONOMIC DEPENDENCY

Strive receives federal and state funding on a per diem per client/unit basis. Federal and state funds from the Department of Health and Human Services, which pass through the Louisiana State Department of Health and Hospitals Office of Family Security, Medical Assistance Program - Medicaid/Title XIX, are on a per diem basis. These payments, reported as residential and habilitation services, are considered a payment for a service as opposed to a grant award.

In addition, Strive receives state grants from the Department of Health and Hospitals Office for Citizens with Developmental Disabilities on a per diem basis.

If significant budget cuts are made at the federal, state and/or local levels, the amount of the funds Strive receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Strive will receive in the next fiscal year.

Note 13 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2011, Strive paid accounting fees to a certified public accounting firm in which one of its board members is a shareholder. The total compensation paid was \$8,824.

SCHEDULE OF PROGRAM SERVICE ACTIVITIES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

	<u>Community Housing (Miller Manor)</u>	<u>Daycare And Workshop (Project Strive)</u>	<u>Separate Housing (Supported Independent Living)</u>	<u>Total</u>
Revenues and				
Other Support				
Contracts	\$ 397,502	\$ 714,577	\$ 395,039	\$ 1,507,118
Contributions and grants		3,959		3,959
Other	590	8,705		9,295
Workshop income		24,929		24,929
Investment income on funds held by Greater New Orleans Foundation:				
Interest income	1,941			1,941
Realized and unrealized gains, net	19,421			19,421
Total revenues and other support	419,454	752,170	395,039	1,566,663
Program Expenses	<u>300,593</u>	<u>587,706</u>	<u>329,808</u>	<u>1,218,107</u>
Increase in Net Assets Before Administrative and Fundraising Expenses	<u>\$ 118,861</u>	<u>\$ 164,464</u>	<u>\$ 65,231</u>	<u>\$ 348,556</u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Strive Incorporated,
New Orleans, Louisiana.

We have audited the financial statements of Strive Incorporated ("Strive") (a nonprofit organization), as of and for the year then ended June 30, 2011, and have issued our report thereon, dated December 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Strive is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Strive's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Strive's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Strive's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting as described in 11-1 and 11-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Strive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Strive's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Strive's responses and, accordingly we express no opinion on them.

This report is intended for the information and use of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, LLC.
Certified Public Accountants.

New Orleans, Louisiana,
December 29, 2011.

SCHEDULE OF FINDINGS AND RESPONSES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Strive Incorporated did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require the Organization to have the ability to prepare its own financial statements in accordance with generally accepted accounting principles (GAAP), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

11-01 Preparation of Financial Statements and Disclosures (Continued)

Condition - Financial statements and required disclosures were not prepared by the Organization.

Context - The financial statements were prepared by the auditors.

Effect - The independent auditor cannot be part of the Organization's internal control over financial reporting.

Cause - The management of the Organization has not determined a need for a financial person possessing the required expertise for cost benefit reasons.

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Views of Responsible Officials of the Auditee - When There is a Disagreement With the Finding, to the Extent Practical- None.

11-02 Internal Control Structure

Criteria - The internal control structure should be designed to contain the following:

1. Segregation of duties to provide reasonable assurance that all transactions are being properly and approved, recorded and all assets are properly safeguarded.
2. Check signing authority designated to specified individuals in charge of governance to ensure the propriety of all disbursements.
3. Preparation of annual board approved budgets to provide a mechanism for those in charge of governance to determine the financial strength of the Organization and to provide information for decision making.
4. Timely preparation of internal financial statements and other financial information to ensure those in charge of governance can make financial decisions based upon current financial data.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

11-02 Internal Control Structure

Criteria (Continued)

5. Required number of board meetings to be held each year and board of directors governing the Organization to ensure compliance with the by-laws of the Organization and to ensure Organizational decisions are being made by a quorum.
6. The proper approved pay rates and time sheets should be maintained. In addition the bimonthly payroll should be approved by the Executive Director.

Condition - The Organization's internal control structure is not functioning properly under its current design as one individual is performing the majority of the accounting functions, check signing authority has not been delegated to certain individuals in charge of governance, annual board approved budgets are not being prepared by those in charge of governance, financial statements and other financial information is not being presented to the board of directors on a timely basis, and the number of current board members is below the requirements as stipulated in the Organization's by-laws.

Context - Systematic.

Effect - A weak system of internal controls currently exists and financial information is not being provided to those in charge of governance on a timely basis. The current internal control structure could lead to errors or irregularities which may not be detected by those in charge of governance. In addition, the Organization is not adhering to its current by-laws as the number of board members is below the requirements.

Cause - The internal control structure does not contain controls to address the lack of segregation of duties and the lack of designated individuals with check signing authority. In addition, financial information is not being generated on a timely basis and the board is not approving an annual budget. Finally, the number of board members is currently below the number required by the by-laws.

Recommendation - Strive should design a system of controls to address the following: 1) lack of segregation of duties, 2) granting of checking signing authority to certain individuals in charge of governance and discontinue the use of a rubber check stamp for check signing, 3) institution of timelines for the generation of financial information to

(Continued)

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

11-02 Internal Control Structure

Recommendation (Continued)

be provided to board members, 4) obtaining board approval for an annual budget, 5) the election additional board members to ensure compliance with its by-laws and, 6) the proper approval and maintenance of payroll records.

Views Of Responsible Officials Of The Auditee - When There is a Disagreement With the Finding, to the External Protocol - None.

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2011 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

Strive Incorporated did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Organizations.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

10-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements including disclosures.

Current Status - Unresolved. Management and those in charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles. See 11-01.

10-02 Internal Control Structure

Recommendation - Strive should design a system of controls to address the following: 1) lack of segregation of duties, 2) granting of check signing authority to certain individuals in charge of governance and discontinue the use of a rubber check stamp for check signing, 3) institution of timelines for the generation of financial information to be provided to board members, 4) obtaining board approval for an annual budget, and 5) the election additional board members to ensure compliance with its by-laws.

Current Status - Unresolved. Management and those charged with governance will implement a system of internal controls to address the lack of segregation of duties, proper check signing authority, approved annual budgets, and timely presentation of financial information to board members. In addition Strive will seek additional board members to ensure compliance with its by-laws. See 11-02.

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2010 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Strive Incorporated did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2010, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2010.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2011

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Financial Statement Preparation

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with generally accepted accounting principles.

11-02 Internal Control Structure

Recommendation - Strive should design a system of controls to address the following: 1) lack of segregation of duties, 2) granting of checking signing authority to certain individuals in charge of governance and discontinue the use of a rubber check stamp for check signing, 3) institution of timelines for the generation of financial information to be provided to board members, 4) obtaining board approval for an annual budget, 5) the election additional board members to ensure compliance with its by-laws and, 6) the proper approval and maintenance of payroll records.

Management's Corrective Action - Management and those charged with governance will implement a system of internal controls to address the lack of segregation of duties, proper check signing authority, approved annual budgets, timely presentation of financial information to board members, and approval and maintenance of payroll records. In addition Strive will seek additional board members to ensure compliance with its by-laws.

Section II - Internal Control and Compliance Material to the Federal Awards

Strive Incorporated did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2011.